

**Senate Study Bill 3020 - Introduced**

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE  
ON COMMERCE BILL BY  
CHAIRPERSON WARNSTADT)

**A BILL FOR**

1 An Act requiring reasonable exceptions to insurance rates  
2 for consumers whose credit information is influenced  
3 by extraordinary life circumstances and providing an  
4 applicability date.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 515.103, Code 2009, is amended by adding  
2 the following new subsection:

3 NEW SUBSECTION. 5A. *Extraordinary life circumstances.*

4 a. An insurer authorized to do business in Iowa that uses  
5 credit information to underwrite or rate risks for a policy of  
6 personal insurance shall, on written request from a consumer,  
7 provide reasonable exceptions to the insurer's rates, rating  
8 classifications, company or tier placement, or underwriting  
9 rules or guidelines for a consumer who has experienced and  
10 whose credit information has been directly influenced by any  
11 of the following events:

12 (1) Catastrophic event, as declared by the federal or a  
13 state government.

14 (2) Serious illness or injury, or serious illness or injury  
15 to an immediate family member.

16 (3) Death of a spouse, child, or parent.

17 (4) Divorce or involuntary interruption of legally owed  
18 alimony or support payments.

19 (5) Identity theft.

20 (6) Temporary loss of employment for a period of three  
21 months or more, if such loss results from involuntary  
22 termination of employment.

23 (7) Military deployment overseas.

24 (8) Other events, as determined by the insurer.

25 b. If a consumer submits a request for an exception as set  
26 forth in paragraph "a", an insurer may, in its sole discretion,  
27 but is not required to, do any of the following:

28 (1) Require the consumer to provide reasonable written and  
29 independently verifiable documentation of the event.

30 (2) Require the consumer to demonstrate that the event  
31 had direct and meaningful impact on the consumer's credit  
32 information.

33 (3) Require such request to be made no more than sixty days  
34 from the date of the application for insurance or the policy  
35 renewal.

1 (4) Grant an exception despite the fact that the consumer  
2 did not provide the initial request for an exception in  
3 writing.

4 (5) Grant an exception where the consumer asks for  
5 consideration of repeated events or the insurer has considered  
6 this event previously.

7 c. An insurer is not out of compliance with any law or rules  
8 relating to underwriting, rating, or rate-filing as a result  
9 of granting an exception under this subsection. Nothing in  
10 this subsection shall be construed to provide a consumer or  
11 other insured with a cause of action that does not exist in the  
12 absence of this subsection.

13 d. An insurer shall provide notice to consumers that  
14 reasonable exceptions are available pursuant to this subsection  
15 and information about how the consumer may inquire further  
16 about such exceptions.

17 e. Within thirty days of the insurer's receipt of sufficient  
18 documentation of an event described in paragraph "a" from a  
19 consumer, the insurer shall inform the consumer of the outcome  
20 of the consumer's request for a reasonable exception. Such  
21 communication shall be in writing or provided to a consumer  
22 using the same medium as the request.

23 Sec. 2. APPLICABILITY DATE. This Act applies to personal  
24 insurance contracts or policies delivered, issued for delivery,  
25 continued, or renewed in this state on or after July 1, 2010.

26 EXPLANATION

27 This bill requires an insurer to provide reasonable  
28 exceptions to the insurer's rates, rating classifications,  
29 company or tier placement, or underwriting rules or guidelines  
30 upon the written request of an applicant for insurance or an  
31 insured whose credit information has been directly influenced  
32 by specified extraordinary life circumstances. An insurer  
33 may require such a consumer to provide reasonable written and  
34 independently verifiable documentation of the event and to  
35 demonstrate the direct and meaningful impact of the event on

1 the consumer's credit information.

2 An insurer is required to inform the consumer of the outcome  
3 of such a request within 30 days of receiving documentation of  
4 an extraordinary event, in writing or in the same medium as the  
5 request. Insurers are required to notify consumers that such  
6 reasonable exceptions are available and how to inquire further  
7 about them.

8 The bill applies to personal insurance contracts or policies  
9 delivered, issued for delivery, continued, or renewed in this  
10 state on or after July 1, 2010.